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Media Release

November 21, 2011

Judge Agrees With Biden's Request to Intervene in Settlement on Behalf of Delaware Investors

Wilmington – Delaware Attorney General Beau Biden announced today that a federal judge in New York granted his office's motion to intervene in the proposed \$8.5 billion settlement between Bank of America and Bank of New York Mellon.

In August, the Attorney General's Office sought to intervene in the settlement to protect the interests of Delaware investors who may be affected by the settlement, and to preserve the State's ability to pursue legal action under Delaware law arising out of the conduct covered by the proposed settlement. New York Attorney General Eric Schneiderman filed a similar motion, which was also granted.

In granting Delaware and New York's requests to intervene on Monday, U.S. District Court Judge William H. Pauley III ruled that the state Attorneys General have a legal right to protect their citizens against misconduct by financial institutions.

"I am pleased with Judge Pauley's ruling," Biden said. "This decision allows us to protect Delaware investors who may have been harmed by toxic securities. Everyone must play by the rules, and our involvement in this settlement will help ensure that the banks are playing by the rules."

The Department of Justice sought to intervene in order to challenge the settlement's structure. Instead of a cash payment, the Delaware Department of Justice argued that borrowers' interests could be better represented in the settlement by enforcing the contractual remedies and realigning Bank of America's incentives to properly service the loans.

"As it is currently structured," Biden said, "this settlement will have a profound negative effect on Delaware borrowers. The conflicts of interest inherent in the current mortgage financing system would be reinforced, rather than resolved. Any settlement must require the re-purchase of bad mortgages by the banks responsible for securitizing this toxic debt."

A copy of the ruling is available upon request.

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